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3

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SUBJECT Analysis of Iran-Contra Dealings

JIM LEHRER: The Associated Press labeled today's Shultz appearance and testimony "extraordinary." We get three other analyses of the event now from James Schlesinger, who served Democratic and Republican Presidents as Secretary of Defense, Secretary of Energy, and head of the Central Intelligence Agency, among other things; retired Navy Admiral Stansfield Turner, who was Director of the CIA in the Carter Administration; and from Capitol Hill, Senator Orrin Hatch, Republican of Utah and a member of the Senate Intelligence Committee, now holding closed-door hearings on the Iran arms affair.

Mr. Schlesinger, did you find what Secretary Shultz had to say extraordinary in any way?

A JAMES SCHLESINGER: It was indeed. He attempted to support and defend his President, but he very clearly was separating himself from the policies that were embraced by the Administration. I think that from a foreign policy standpoint this is probably useful, in that it enhances Shultz's credibility in Europe. On the other hand, it doesn't help the Administration.

LEHRER: Senator Hatch, what's your view of that on Capitol Hill?

A SENATOR ORRIN HATCH: Well, I thought it was extraordinary. And I think that Secretary Shultz spoke fairly candidly today. He talked about why -- what was really behind the policy and that they still have a policy of trying to, of course, end the war between Iran and Iraq, stop Soviet and halt Soviet expansionism, halt terrorism, get our hostages back. I would add to that, obtain intelligence, obtain military equipment

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that we might be able to obtain, open channels with, hopefully, the moderates, or at least a group of successors to the Khomeini regime, and of course to continue to try to have a better relationship with Iran.

But, you know, some of the admissions that he made today I thought were quite interesting. And he was very candid. I give him credit for that. I think President Reagan is trying to be as candid as he can be and as much as he knows about it. And I suspect that we'll continue up on Capitol Hill finding out more and more about this.

LEHRER: But Senator, as a Republican and as a strong supporter of President Reagan, what does it do to his situation when his Secretary of State goes on national television and says what we just heard him say?

SENATOR HATCH: Well, I don't know that anything is going to resolve this until we find out what Colonel North and Admiral Poindexter really have to say, and maybe some others, such as General Secord. It seems to me that they're the people who have the knowledge. And I believe the President, and I think there's reason to believe the President, when he said he did not know about the transfer to the Nicaraguans.

I might say this, that, you know, the foreign policy objectives that I just reiterated are worthy ones. They're good ones. Whether or not you use the modest deliveries of equipment to the Iranians in your desire to bring about a negotiated settlement of the Iran-Iraq war, to end Soviet expansionism, end terrorism, get the hostages back, etcetera, etcetera, whether or not that's good policy -- I guess since it's been exposed, it probably looks like it wasn't. But had it been completed, had they been successful in what they did, then it seems to me people would be saying, "What a bold, wonderful foreign policy initiative that they got some of these things accomplished."

So, it's the nature of covert action that, you know, when it's exposed it looks bad. When it accomplishes what it should accomplish, it looks good.

The real problem here is the Nicaraguan transfer of funds. And that's illegal.

LEHRER: Speaking of covert action, Admiral Turner, you also heard what the Secretary of State just said about he was shocked to discover that his Ambassador, or the U.S. Ambassador to Lebanon was dealing with the NSC, etcetera, in all of this without the knowledge of the State Department. And he said this was a very unique situation.

Based on your experiences running the CIA, is it that unique?

ADMIRAL STANSFIELD TURNER: It's not unique for the National Security Council and/or the State Department to use CIA communications channels for privacy. I think it is unique to exclude people in the chain of command in that process and was a very improper thing.

If the National Security Council adviser wants to talk to an ambassador, that's perfectly all right to do privately, in my view, through the CIA channels, as long as the Secretary of State is kept advised of it.

LEHRER: Never in your experience or running the CIA did you do a similar kind of thing?

ADMIRAL TURNER: I never would allow anyone to use CIA communications channels to communicate with CIA people without my being involved in it. But I didn't interfere with their using my channels within their own organizations when they needed privacy and we could provide that service to them.

LEHRER: You mean State-to-State, Defense-to-Defense, etcetera.

ADMIRAL TURNER: Or National Security Council to any one of those others.

LEHRER: But what I meant was, did the CIA ever go to an ambassador in a country and say, "Look, we'd like for you to do something with us. Let us -- tell us what you're doing, but don't tell the Secretary of State"?

ADMIRAL TURNER: Oh, heavens no.

LEHRER: Heavens no under your -- at your watch too, Mr. Schlesinger?

SCHLESINGER: That's true from my watch. But the circumstances to which the Secretary of State referred today are not unique. It occurred on other occasions. They are rare. What the Secretary refers to as the chain of command is not really the chain of command. It's the normal chain of command. And the normal chain of command has been violated.

In the case of our adventures in Chile in 1971, you may recall, when there was a dual-track strategy. In fact, another dual-track strategy. Somebody in the White House two weeks ago referred to this as a dual-track strategy. But the State and Defense Departments were cut out of the activities, knowledge of

the activities that were going on in Chile. And the defense attache in Chile was used as the man to deal with the presumed organizers of the insurrection.

In that case, however, the Ambassador was also cut out. So the State Department was cut out, but the Ambassador's subordinate was kept instructed through such channels.

And it has occurred on other occasions, but it is rare.

SENATOR HATCH: I think I could add something there. During the downfall of the Shah, Ambassador Sullivan had prepared a coup, was working with a coup, according to Gary Sick's book "All Fall Down," which many consider the only authoritative work in this area, to take over and throw the Shah out and put Khomeini in. And it became so bad that, actually, the Secretary of Defense, as I understand it, a thatreport disclosed, if I recall correctly, the Secretary of Defense had to send a special observer over to watch the Ambassador so that he didn't bring this about.

So, you know, it's not unique. It really shouldn't happen, in my opinion, but it has happened in the past. And I suspect it will probably happen in the future.

LEHRER: Do you agree, going back to one of Mr. Schlesinger's points earlier, Admiral Turner, that what Secretary Shultz did today, separating himself from the, quote, mistakes of this adventure, is really a good thing for the United States in the long run?

ADMIRAL TURNER: I think getting everything out in the open certainly is. But I think the question we all ought to be looking at, Jim, is less "who knew what" than "who should have known what." And it seems to me Mr. Shultz hoisted himself by his own petard today, that he gave admission that he knew more about these activities than he'd ever acknowledged before, and he gave admission today that he knew so much that I don't see how he could have helped from asking the right questions in between these periods of when he'd met with the President on this subject to find out what was really happening.

To me, it's like the famous story of Lord Nelson, the British admiral, who when he received a signal in the Battle of Copenhagen telling him to do something he didn't want to do, he put his telescope up to his blind eye and failed to see the signal, and went on and did what he wanted. We've had some blind eyes in this Administration.

LEHRER: Well, Senator Durenberger, your colleague, Senator Hatch, suggested that very thing today, that some members

of the Cabinet just deliberately stayed dumb on some of these things in order to protect themselves. Is that what Secretary Shultz has done?

SENATOR HATCH: Well, I think at first George kind of indicated that he didn't know anything about anything. Maybe that's a little bit unfair to him. But then, all of a sudden, I think McFarlane testified, and I think testified today, that he believed that a lot of these people did know a lot about the plan and the policy in Iran.

But I think the important part of George Shultz's testimony, and really the only part, I think, where mistakes have been seriously made, other than questions of policy -- you might disagree with transferring some arms for hostages, as well as trying to complete those other foreign policy objectives. But the only real mistake, it seems to me, that the President was referring to was these people, these rogue elements of the NSC who actually went and made -- and there isn't real evidence of this thus far -- actually were intending to make transfers of funds to the Contras.

Now, George distinguished himself and made it very clear that he was not part of that. I think that that was significant. And we need to get to the bottom just who was part of that.

LEHRER: All right, gentlemen. Don't go away. We'll be back in a few minutes.

[Excerpts from testimony of Robert McFarlane]

LEHRER: ...Mr. Schlesinger, Mr. McFarlane said that he knows that the President did not authorize this illegal transfer of funds to the Contras. And yet he also knows that Admiral Poindexter wouldn't have done it on his own. What does that answer add up to you to?

SCHLESINGER: Well, I think that Mr. McFarlane is pinpointing the Chief of Staff at the White House. There is only one person of higher authority between Admiral Poindexter and the President.

LEHRER: Is that what it sounded like to you?

ADMIRAL TURNER: I think Mr. McFarlane is saying that Colonel North and Admiral Poindexter were so persuaded that the President wanted these policies carried out, especially the support provided to the Contras, that they felt confident they had the President's blessing. The President had previously blessed very marginally legal activities of Colonel North in soliciting support for the Contras during a period in which the

Congress prohibited that totally. And we all knew that. It came out in the newspapers in August of 1985 that North was involved in these efforts to solicit funds from private citizens and from other governments. And because the Administration, from the President down, tolerated that, I think it was easy for North and Poindexter to say, "Well, we've got a new deal here. We can even make the Ayatollah pay for this instead of our private citizens or friendly countries. Let's go ahead and do this. And we're good military officers. We want to keep the Commander-in-Chief from having to get into all these details. And he would support this. So let's go."

LEHRER: Does that make sense to you, Senator Hatch?

SENATOR HATCH: Well, I think if Admiral North and -- or Colonel North and Admiral Poindexter admitted that, I think people would probably forget them, because it was well-intentioned to try and help the Contras because we know what's going to happen to this hemisphere if we allow the Sandinistas to run unchecked.

But I kind of agree with Admiral Turner, to a degree. It reminds me a little bit about Henry II complaining about his friend Thomas a Becket and saying, "Who's going to rid me of this infernal priest?" And a couple of his supporters went out and rid him of him and killed Thomas a Becket. And maybe there's more truth to that than you think.

But you know, you still come back to just what was done here. I notice that most everybody stays away from the policy in Iran. Look, let's just be honest about it. In order to Iran you have to deal with it covertly. We're the Satan to them, or at least to the leadership over there. You have to deal covertly.

We have the additional problem of trying to get the hostages out. We have additional problems of trying to resolve all of these foreign policy objectives of stopping the Iran-Iraq war, negotiating a settlement, getting the Russians to not expand into that area and to get into the Persian Gulf, protect the Southern states, the Arab states, to get the hostages out, and of course to do a whole raft of other things. All of which you find not too much criticism of because anybody who thinks about it knows that any President worth his salt has got to try and do something over there. This President has tried.

Now, if he has a couple rogue elements who go off thinking, well-intentioned, that they were serving the President well and they transfer funds to the Contras, then that's illegal and that's something that has to be stopped.

LEHRER: Let's talk about that, the policy questions here, Mr. Schlesinger.

Do you agree that the only thing, really, here that went wrong was the rogue exercise to the Contras?

SCHLESINGER: No. There is a set of policies here and all of them wound up being mistakes. In the first place, the policy of dealing with the Iranians under the illusion that one was dealing with moderates. Actually, one was dealing indirectly with Rafsanjani, who seems to have been acting under the instructions of the Ayatollah himself.

LEHRER: Rafsanjani is the Speaker of the Parliament.

SCHLESINGER: Speaker of the Parliament. He is not getting very far away.

We were being diddled by the Iranians. That's one mistake.

A second mistake is this combination of policies, in which we wind up with arms for the Ayatollah, arms for ransom of the hostages, raising funds, contributions from Ross Perot and others, in order to ransom the hostages, and put that into the Contra operation. All three things were combined and placed as a ticking time bomb right next to the presidency in the White House complex. That is a major disaster for the President and the country.

SENATOR HATCH: Let me say something about that. I think -- I have a great deal of respect for Mr. Schlesinger. We're old friends, and I know what a bright man he is and what he does. But let me just say this to you. It looks to many that the successor to come in, he already has been blessed, his name is Mantazari (?). And I might add...

LEHRER: Who? What's his name?

SENATOR HATCH: Mantazari.

LEHRER: Mantazari.

SENATOR HATCH: And I might also add that Rafsanjani, as bad as some people think he may be, is considered to be more moderate than Mantazari.

And I might also add that there are other people over there that they were dealing with, some of whom are not known at this point to the general public. And I can tell you that it's a lot more than just trying to play into the hands of Khomeini.

Let's be honest about it. Two hostages came out. It's apparent that wasn't the total policy. But any President worth his salt is going to do everything he can for those hostages. It's that simple.

SCHLESINGER: We should recognize that two hostages came out. Subsequently, after these dealings, three more Americans were seized. And this was not the end of a set of mistakes. The instructions to the Director of Central Intelligence not to inform the Congress was a mistake. The collection of money from Mr. Perot was a serious mistake.

SENATOR HATCH: I don't disagree with that. I don't disagree with that.

SCHLESINGER: I don't disagree with that.

LEHRER: Where do you come in on this, Admiral Turner?

ADMIRAL TURNER: I think it was naive to think that at this time we were able to open some avenues to moderates who were going to either topple the successors to Khomeini or topple Khomeini. I have heard no evidence whatsoever that Iran is in that fragile a state or that Rafsanjani is the kind of a person who's going to turn on the Ayatollah. He's part of the Ayatollah's community.

But mainly, it was also foolish to think we had to give them arms in order to do what? To have a discussion? To prove our bona fides? Come on now, that's carrying things much too far. And it's very inconsistent to say that, on the one hand, these people were sort of dissidents within the government; yet on the other hand, they were going to get our hostages out that are controlled by the government.

SENATOR HATCH: Well, let me interject again, if I can, especially after Admiral Turner.

Admiral, during your own administration under Jimmy Carter, on October 11th, 1980, there was a message sent by Carter and Muskie to Warren Christopher in Bonn, which I believe had your blessing, to allow and permit the transfer of \$150 million of spare aircraft parts for hostages.

So, it's a little sanctimonious, and maybe even hypocritical, to come here today and say, "Well, this is a terrible thing that the Reagan Administration has tried to do."

I might add...

LEHRER: Let's let him respond to that.

SENATOR HATCH: Well, sure. I'd like to have a response.

ADMIRAL TURNER: The circumstances were entirely different because...

SENATOR HATCH: What was different?

ADMIRAL TURNER: We had already had a demonstration of the bona fides of the negotiator we were dealing with in Bonn because he had said tomorrow Khomeini is going to do so-and-so, and tomorrow Khomeini did that. He was speaking with some authority. Whereas we have no indication of any authority here.

SENATOR HATCH: Then you don't deny that you approved a \$150 million arms transfer, without informing Congress, for hostages back in 1980. And here you are complaining about this Administration.

ADMIRAL TURNER: That's not true at all.

SENATOR HATCH: Well, it is true.

ADMIRAL TURNER: No, it isn't true.

SENATOR HATCH: Well, if you didn't approve of it, certainly...

ADMIRAL TURNER: First of all, I didn't have any -- I'm not a policymaker. I was an intelligence officer and don't get into...

SENATOR HATCH: Did you know about it? Did you know about it?

ADMIRAL TURNER: There were no arms transferred. This was a negotiating position which was never consummated.

HATCH: Mr. Turner, Mr. Turner, that's not the point. Did you know about it? Isn't it true that Carter and Muskie sent a message to Warren Christopher approving a \$150 million transfer for hostages? Not for these other foreign policy objectives.

ADMIRAL TURNER: That's not true.

HATCH: Well, that is true.

LEHRER: Mr. Schlesinger, you've been listening to this. Whatever happened in 1980 and whatever happened now, were they both wrong?

SCHLESINGER: I think they were both wrong. They were wrong then. They were wrong now. Dealing with the Iranians is a very tricky route to follow. And it is particularly wrong today because the United States Government has been out there asking the British, the French, the Germans, the Italians, all of the nations in the Middle East not to deal with these terrorist

10

states. And we, who are the leader of the Free World, are found violating the policy that we are urging our followers to follow. That is what makes it so bad in this case.

LEHRER: Senator Hatch, quickly. We only have a few seconds left. You're the only politician in the group. You heard what Mr. McFarlane said. He said he still believes in his policy. The only mistake he made was he got ahead of the body politic of the United States. Do you agree with him?

SENATOR HATCH: Well, I'll say this. I think that Jim Schlesinger has summed it up pretty well. You can disagree with the overall policy, but you can't disagree with the aims and the goals that they were trying to do. The fact of transferring arms, anybody can disagree with that. But any President worth his salt has got to do something to try and resolve those foreign policy objectives. And frankly, the only leverage we have is to deal with what they want, and in this case they wanted spare parts and arms that wouldn't make a difference in that war. That's not bad.

LEHRER: All right.